GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4601
ANSWERED ON:04.05.2012
IMPACT OF FDI ON MONETARY POLICY
Rane Dr. Nilesh Narayan

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government has made a study / commissioned a study on the impact of FDI flows on monetary policy of the country;

(b) if so, the details thereof and reaction thereto; and

(c) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): No, Sir.

(b) & (c): Foreign Direct Investment flows as a component of capital flows affect liquidity conditions. Monetary policy, however, is appropriately calibrated to serve the twin interests of growth and price stability.